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Approved by:

Suzanne E. Heinen
U.S. Embassy

Prepared by:

Eduardo Lozano, Benjamin Juarez, and Erich Kuss

Report Highlights:

- **FINANCIAL FIRMS LOWER MEXICO GROWTH ESTIMATES**
- **MEXICAN MEAT COUNCIL (CMC) MEETS IN MONTERREY TO REVIEW POLICY AND TRADE PRIORITIES**
- **MEXICAN TRUCKERS COMPLAIN OF LONG DELAYS CROSSING BORDER TO THE U.S.**

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

WELCOME TO HOT BITES FROM MEXICO, A WEEKLY REVIEW OF ISSUES OF INTEREST TO THE U.S. AGRICULTURAL COMMUNITY. THE TOPICS COVERED IN THIS REPORT REFLECT DEVELOPMENTS IN MEXICO THAT HAVE BEEN GARNERED DURING TRAVEL AROUND THE COUNTRY, REPORTED IN THE MEDIA, OR OFFERED BY HOST COUNTRY OFFICIALS AND AGRICULTURAL ANALYSTS. READERS SHOULD UNDERSTAND THAT PRESS ARTICLES ARE INCLUDED IN THIS REPORT TO PROVIDE INSIGHTS INTO THE MEXICAN "MOOD" FACING U.S. AGRICULTURAL EXPORTERS. SIGNIFICANT ISSUES WILL BE EXPANDED UPON IN SUBSEQUENT REPORTS FROM THIS OFFICE.

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FINANCIAL FIRMS LOWER MEXICO GROWTH ESTIMATES

A number of financial firms cut their forecasts for Mexican growth this year after a government report showed the economy expanded less than expected in the second quarter. JPMorgan reduced its growth forecast to 2.4 percent from 3.2 percent while Credit Suisse First Boston cut its forecast to 3 percent from 4 percent and Santander lowered its estimate to 3.2 percent from 3.5 percent. ING cut its estimate to 2.8 percent from 3.6 percent. Latin America's largest economy expanded 3.1 percent in the second quarter from a year ago, below the 4 percent median estimate in a Bloomberg survey of 12 economists, as the agricultural industry slumped, rising interest rates curbed consumer spending and demand fell in the U.S. for Mexican-made cars. "The weakness is across all sectors," Alfredo Thorne, a Latin America economist with JPMorgan in Mexico City, said in a telephone interview. This marks the second time in three months that economists have ratcheted down their Mexican growth forecasts. In May, banks including JPMorgan, Credit Suisse and Bear Stearns Cos. lowered their estimates after the government reported the economy grew 2.4 percent in the first quarter, the slowest pace in a year. Mexico's central bank lowered its forecast for economic growth this year on July 27 to 3.75 percent. As recently as July 22 the central bank had said the economy would expand by as much as 4 percent. The economy grew 4.4 percent in 2004, the fastest expansion since President Vicente Fox took office in 2000. Thorne said he still expects the economy to strengthen in the second half of the year, benefiting from stronger growth in the U.S., the buyer of 85 percent of Mexico's exports, and from a decline in domestic borrowing costs. (Source: El Universal; 08/18/2005)

MEXICAN MEAT COUNCIL (CMC) MEETS IN MONTERREY TO REVIEW POLICY AND TRADE PRIORITIES

On August 12, members and associate members of the Mexican Meat Council (CMC) met in Monterrey to discuss key trade and policy issues affecting the industry. Among the participants were major meat processors, U.S. packer export representatives, Canadian Beef, Mexican meat producers, USAPEEC and ATO Monterrey. The key issues discussed included: Follow-up and achievements of a joint CMC/ANETIF/SENASICA task force created to address problems related with the accreditation of TIF approved meat plants; the creation of new CMC working groups to promote dialogue with SENASICA; the Mexican antidumping case against US ham; retailer audits in Northern and Central Mexico by PROFECO, the Attorney Generals Office for Consumers, to verify labels of packaged deli

items; and implementation of NOM 213-SSA1-2002 which deals with "Good Manufacturing Practices". ATO Monterrey also addressed the issue of ISPM-15 implementation regulations (international phytosanitary standards for wood packaging materials). (ATO Monterrey).

MEXICAN TRUCKERS COMPLAIN OF LONG DELAYS CROSSING BORDER TO THE U.S.

According to reports from Mexican trucking associations and customs brokers, Mexican truck shipments are taking up to three hours to cross over to the United States through the Laredo, Texas crossing point allegedly due to stricter U.S. Customs inspections, thus generating long backups of trucks waiting to cross. One source claimed that backups extend up to 5 kilometers in length. An industry representative stated that these delays negatively impact transporters, customs agents, exporters and trading companies since product does not arrive on time to its destination and that the Mexican government should intervene and coordinate with U.S. authorities to find a solution to expedite the crossing of merchandise. (Source: El Norte August 14).

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MX5065	Final Decision in the Antidumping Case Against U.S. Inedible Soy Oil	8/04/05
MX5064	2005 FAIRS Report	7/28/05
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To reach us at FAS/Mexico:

AgMexico@usda.gov, ATOMexico@usda.gov, or
ATOMonterrey@usda.gov